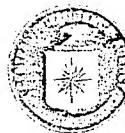


Central Intelligence Agency



Washington, D.C. 20505

178

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10 April 1984

MEMORANDUM FOR: Doug Mullholland
 Special Assistant to the Secretary
 Department of the Treasury

FROM

:

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Chief, Economic Issues Branch
 Office of European Analysis**SUBJECT**

:

International Monetary Reform

1. With regard to our telephone conversation of 9 April, I appreciate your efforts to set up an appointment [redacted] with appropriate Treasury officials to discuss international monetary reform proposals. Such discussions should help [redacted] prepare a paper on reform issues as part of our support for the London Summit.

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2. Since the summit at Williamsburg--and even before that at Versailles--the major countries have met in different fora to discuss the various issues surrounding international monetary reform (IMR). These discussions have taken place in G-5, G-10, and IMF Interim Committee meetings. In addition, research work has been done by the BIS, OECD, GATT, and EC.

3. Our information indicates that the Summit countries are not in agreement at this time on all the issues and strong differences exist as to how to proceed on addressing the issues. For example, France has spoken of a Bretton Woods type conference. Most of the major countries at this time, however, do not favor such an open forum with a broad mandate. To date, IMR issues can be divided into the following categories:

- Stabilization of exchange rates.
- Requirements for international liquidity.
- LDC debt and long-term rescheduling.
- Supervisory-regulatory role of the IMF.
- Role of the World Bank and IDA.
- Diversification of official reserve holdings.

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-- Expansion of the European Monetary System.

4. We suspect some of these issues have been raised at various international meetings that Treasury officials have attended. Since reporting on such meetings does not usually appear in our regular office, we want to contact Treasury officials to discuss the results of these meetings and to obtain copies of materials relating to IMR issues. Specifically, we know of several meetings in which substantive talks were held:

-- G-10 Meeting, Washington, D.C., 24 September 1983. French Finance Minister Jacques Delors proposed studies on the IMR issues cited in para 2 be done and involve the IMF, OECD, and BIS.

-- G-5 and G-10 Meeting, Paris, November 16-17. Agreement was apparently reached that three issues needed further study.

-- Causes of exchange rate volatility.

-- How the IMF's role could be strengthened.

-- International Liquidity requirements.

Of course, there may have been meetings of which we are not aware. We have seen references to a G-10 meeting on March 15 and understand a G-5 meeting is scheduled for 11 April. Treasury also would have notes, memorandums etc. on the IMF Interim Committee meetings held last September; one is also scheduled for 12 April.

5. It is our understanding that Barry Newman is the key office director for this subject area but that the Office of Foreign Exchange Operations and International Banking may also be involved.

6. Again, thanks for your assistance. [redacted] will await your call. [redacted]

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